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| <p align="center">STATE OF MONTANA</p> <p align="center">COMPLIANCE SUPPLEMENT FOR AUDITS OF</p> <p align="center">LOCAL GOVERNMENT ENTITIES</p> | REF: AGR - 1 |
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| PROGRAM/SUBJECT: Noxious Weed Management Grants | |

FEDERAL GRANTOR AGENCY: Not Applicable

TYPES OF RECIPIENTS: Counties, cities, towns, weed management districts, or other entities considered eligible by the Montana Department of Agriculture

SOURCE OF AUTHORIZATION AND REGULATIONS: Title 80, Chapter 7, Part 8, MCA; A.R.M. 4.5.101 – 4.5.112

INFORMATION CONTACT: Montana Department of Agriculture
Agricultural Sciences Division
Technical Services Bureau
Name: Dave Burch
Phone Number: (406) 444-3140

I. PROGRAM OBJECTIVES:

To distribute funds through grants or contracts to eligible entities for noxious weed management projects to control or contain noxious weeds, and for weed management research, evaluation, and education.

II. PROGRAM PROCEDURES:

The Montana Department of Agriculture maintains a noxious weed management trust fund in the amount of \$10 million. (Section 80-7-811, MCA) The interest and revenue generated from this fund is deposited to a separate State special revenue fund each year, and must be expended for noxious weed management projects. (Section 80-7-814 & 816, MCA)

Counties, cities, towns, weed management districts and other entities apply for funding for noxious weed management projects. The application process is set forth in A.R.M. 4.5.102 – 4.5.104. Funding, in the form of grants or contracts, is provided to eligible entities based on an evaluation process performed by the Noxious Weed Management Advisory Council (A.R.M. 4.5.108). A project is eligible to receive funds only if the county in which the project occurs has funded its own weed management program with a levy in an amount not less than 1.6 mills or an equivalent amount from another source or by an amount of not less than \$100,000 for first class counties (Section 80-7-814(4)). In addition, the Department may expend funds without the above restrictions for specific purposes designated in Section 80-7-814(5), MCA.

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II. PROGRAM PROCEDURES - continued:

(Note: These grants or contracts are in addition to the Weed Management District Program Enhancement funds that are distributed annually to all counties (See CNTY-3, State-Shared Revenues/Department of Agriculture)).

Moneys distributed to counties or weed management districts are normally deposited to a separate county weed grant fund (BARS Fund #2840). Moneys distributed to other types of local governments may be deposited to and expended from the entities' general funds.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

1. Compliance Requirement:

- The funds must be used for noxious weed management or other purposes as provided for in the project grant or contract. (Section 80-7-814, MCA)

Suggested Audit Procedures:

- Test receipts to determine if they were deposited in a separate noxious weed fund or, if deposited to an entity's general fund, whether they were identified or earmarked as being for weed control purposes.
- Obtain a copy of the project grant or contract. Test expenditures of these moneys to determine that funds were used for the purposes provided for in the grant or contract.

2. Compliance Requirement:

- One criteria for consideration by the advisory council is that the project include matching funds (including in-kind services) from private, state, and/or federal entities. (A.R.M. 4.5.108(2)(h)) Generally the Department requires a minimum of a 50% match. The actual match is negotiated for each grant or contract and is specified in the grant agreement or contract.

Suggested Audit Procedures:

- Review the grant agreement or contract and determine the required matching requirement, if any.
- If there is a required match, determine that the entity met the matching requirement, and that the entity's records support the matching requirement.

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III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES:

3. Compliance Requirement:

- Grant or contract recipients must submit written progress reports and financial reports to the Department, as specified in the grant/contract. (A.R.M. 4.5.109)

Suggested Audit Procedures:

- Based on grant/contract provisions, verify that the entity submitted all required reports to the Department.
- Test financial reports to verify that information reported is supported by, and reconciles to, the entity's accounting records.